



## ECONOMIC INJURY DISASTER LOANS FACT SHEET

### FIVE COUNTY TEXAS DROUGHT BEGINNING JANUARY 2006

Small businesses in the Texas counties of:

**Brewster, Collin, Colorado, Culberson, Delta, Dewitt, Fannin, Fayette, Franklin, Gonzales, Grayson, Hopkins, Hudspeth, Hunt, Jackson, Jeff Davis, Kaufman, Lamar, Lavaca, Pecos, Presidio, Rains, Red River, Reeves, Rockwall, Van Zandt, Victoria, Wharton & Wood;**

and small businesses in the Oklahoma county of: **Bryan;**

are eligible to apply for low interest disaster loans to offset economic losses because of reduced revenue to farmers and ranchers caused by:

**drought beginning January 1, 2006 in the Texas counties of: Fannin, Hopkins, Hunt, Jeff Davis & Lavaca.**

*Filing deadline for applications for economic injury disaster loans: April 23, 2007.*

### TYPE OF LOAN:

- ◆ Economic Injury Disaster Loans (called EIDLs) are working capital loans to help the small business owner pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact.

### CREDIT REQUIREMENTS:

- ◆ Repayment. SBA economic injury disaster assistance is in the form of loans. Applicants must show the ability to repay all loans.
- ◆ Collateral. Loans in excess of \$5,000 must be secured with collateral. Generally, this will include a lien on the applicant's business and/or personal real estate, if it is available. Applicants do not need to have full collateral; SBA will take what is available to secure each loan. However, loans will not be declined for lack of a fixed amount of collateral.

### INTEREST RATE:

- ◆ The interest rate is 4.000%.

**LOAN TERM:**

- ◆ The law authorizes loan terms of up to 30 years maximum. Based on the financial circumstances of each borrower, SBA determines an appropriate installment payment amount, which in turn determines the actual term.

**LOAN AMOUNT LIMIT:**

- ◆ Economic Injury Disaster Loan (EIDL) amounts are limited by law to \$1,500,000. The actual amount of each loan, up to this maximum, is limited to the actual economic injury as calculated by SBA, which is not compensated by business interruption insurance or otherwise, and which is beyond the ability of the business and/or its owners to provide.

**LOAN ELIGIBILITY RESTRICTIONS:**

- ◆ Small, non-farm businesses that have suffered economic injury due to the disaster's impact on agricultural production are eligible. Eligible small businesses include those that do business directly with farmers, such as suppliers of agricultural equipment or services. Eligible small businesses also include "main street" businesses such as restaurants, gas stations, stores, etc. in communities with an agriculturally-based economy. Eligibility is restricted to agri-dependent businesses.
- ◆ The applicant business must be located in a county included in the declared area.
- ◆ Nurseries are eligible for economic injury caused by declared drought disasters.
- ◆ Loan assistance is available only to the extent the business and its owners cannot meet necessary financial obligations due to the disaster. This determination is made by SBA.

**INSURANCE REQUIREMENTS:**

- ◆ To protect each borrower and SBA, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (economic injury loans over \$5,000) must purchase and maintain full hazard insurance for the life of the loan. Borrowers whose property is located in a special flood hazard area must purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

**For additional information,** contact SBA's toll free number: (800) 659-2955